# ARIZONA CORPORATION COMMISSION **UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01982A WHITE HILLS WATER COMPANY, INC. P.O. BOX 620480 LAS VEGAS, NV 89162

APR 13 2005

AZ Corporation Commission Director Of Utilities

# **ANNUAL REPORT**

FOR YEAR ENDING

2004 **12** 31

FOR COMMISSION USE 04

ANN04

# **COMPANY INFORMATION**

- · · · · · · · · · · · · · · · · · · ·	WHITE HILLS WATER COM	PANY, INC.	
Mailing Address P.O. BOX 620480	)		
(Street)	NIV	901	<b>63</b>
LAS VEGAS (City)	NV (State)	<u>891</u> (Zi	
(City)	(State)	(	r)
<u>(702) 459-2524</u>	(702) 459-7162	(702) 303-0	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (In	nclude Area Code)
Email Address			
Local Office Mailing Address <u>SAM</u>	E AS ABOVE_ (Street)		
(City)	(State)	(Zip	)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell N	o. (Include Area Code)
Email Address			
Management Contact: DWA	YNE DUKE (Name)	(Ti	tle)
	(Name)	`	,
Management Contact: DWA  P.O. BOX 620480  (Street)		(Ti: <u>NV</u> (State)	89162 (Zip)
P.O. BOX 620480 (Street)	(Name)  LAS VEGAS (City)	NV (State)	89162 (Zip)
P.O. BOX 620480 (Street) (702) 459-2524	(Name) <u>LAS VEGAS</u> (City)  (702) 459-7162	NV	89162 (Zip)
P.O. BOX 620480 (Street) (702) 459-2524 Telephone No. (Include Area Code)	(Name)  LAS VEGAS (City)	NV (State) (702) 303-0	89162 (Zip)
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P.O. BOX 620480 (Street) (702) 459-2524 Telephone No. (Include Area Code) Email Address On Site Manager: SAME AS	(Name)  LAS VEGAS (City)  (702) 459-7162  Fax No. (Include Area Code)  S ABOVE (Name)	NV (State) (702) 303-0 Pager/Cell No. (Ir	89162 (Zip) 171 aclude Area Code)
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(Street)  (702) 459-2524  Telephone No. (Include Area Code)  Email Address  On Site Manager: SAME AS  (Street)  Telephone No. (Include Area Code)	(Name)  LAS VEGAS (City)  (702) 459-7162  Fax No. (Include Area Code)  S ABOVE (Name)  (City)  Fax No. (Include Area Code)	NV (State) (702) 303-0 Pager/Cell No. (In	89162 (Zip) 171 aclude Area Code)

Statutory Agent: RICHARD L. SALI	QUIST (Name)		
2525 E. ARIZONA BILTMORE CIRCLE # 117	PHOENIX	AZ.	<u>85016</u>
(Street)	(City)	(State)	(Zip)
(602) 224-9222 Telephone No. (Include Area Code)	Fax No. (Include Area Code	Pager/Cell No. (	Include Area Code)
Attorney: SAME AS ABOVE_		·	,
Attorney. SAME AS ABOVE	(Name)	18.18.19.19	
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (I	nclude Area Code)
Please mark this box if the above addre	ess(es) have changed or are	updated since the	last filing.
OWNE	RSHIP INFORMATIO	<u>N</u>	allow the Process
Check the following box that applies to your	company:		
Sole Proprietor (S)	□ Corporation (C	) (Other than Ass	sociation/Co-op)
Partnership (P)	Subchapter S Cor	poration (Z)	
☐ Bankruptcy (B)	Association/Co-op	) (A)	
Receivership (R)	Limited Liability	Company	
Other (Describe)			
<u>C</u>	OUNTIES SERVED		
Check the box below for the county/ies in w	hich you are certificated to pro	ovide service:	
□ АРАСНЕ	☐ cochise	□ coc	ONINO
☐ GILA	☐ GRAHAM	☐ GRE	ENLEE
☐ LA PAZ	☐ MARICOPA	⊠ мон	IAVE
☐ NAVAJO	☐ PIMA	☐ PINA	AL.
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUM	Í <b>A</b>
☐ STATEWIDE			

# **UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	10,114	10,114	0_
302	Franchises			
303	Land and Land Rights	969		969
304	Structures and Improvements	2,575	2,575	0
307	Wells and Springs	96,859	20,198	76,661
311	Pumping Equipment	28,560	13,198	15,362
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	23,066	1,731	21,335
331	Transmission and Distribution Mains	44,724	14,674	30,050
333	Services			
334	Meters and Meter Installations	17,624	2,620	15,004
335	Hydrants	185	33	152
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	2,613	2,613	0
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	2,500	2,500	0
348	Other Tangible Plant			
	TOTALS	229,789	70,256	159,533

This amount goes on the Balance Sheet Acct. No. 108

# COMPANY NAME WHITE HILLS WATER COMPANY, INC.

### **CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	10,114		
302	Franchises			
303	Land and Land Rights	969		
304	Structures and Improvements	2,575		
307	Wells and Springs	96,859	1.50%	1,453
311	Pumping Equipment	28,560	1.24%	355
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	23,066	2.51%	579
331	Transmission and Distribution Mains	44,724	1.25%	559
333	Services			
334	Meters and Meter Installations	17,624	1.30%	229
335	Hydrants	185	2.70%	5
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	2,613		
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	2,500		
348	Other Tangible Plant			
	TOTALS	229,789		3,180

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To The Board of Directors of White Hills Water Company, Inc. Bullhead City, Arizona

We have compiled the balance sheet of White Hills Water Company, Inc. as of December 31, 2004 and 2003, and the related comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

ULLMANN & COMPANY, P.C. Certified Public Accountants

'Illmann & Company

February 24, 2005

#### **COMPANY NAME**

WHITE HILLS WATER COMPANY, INC.

# **BALANCE SHEET**

Acct. No.		 ANCE AT	 LANCE AT END OF
	ASSETS	YEAR	YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 57,966	\$ 696
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS		
		\$ 57,966	\$ 696
	FIXED ASSETS		
101	Utility Plant in Service	\$ 159,348	\$ 229,789
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	66,697	70,256
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 92,651	\$ 159,533
	TOTAL ASSETS	\$ 150,617	\$ 160,229

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

# COMPANY NAME WHITE HILLS WATER COMPANY, INC.

# **BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BEG	NCE AT INNING YEAR	F	ANCE AT END OF YEAR
	CURRENT LIABILITES				
231	Accounts Payable	\$	18,209	\$	
232	Notes Payable (Current Portion)	, -	,		
234	Notes/Accounts Payable to Associated Companies	•	40,334		66,967
235	Customer Deposits	1	1,840		3,486
236	Accrued Taxes				-
237	Accrued Interest			1	
241	Miscellaneous Current and Accrued Liabilities				
	TOTAL CURRENT LIABILITIES	\$	60,383	\$	70,453
	LONG-TERM DEBT (Over 12 Months)				
_224	Long-Term Notes and Bonds	. \$	-	. \$	<b>-</b> ;
	DEFERRED CREDITS	.		! !	,
251	Unamortized Premium on Debt	\$	-	\$	-
252	Advances in Aid of Construction		70,978		77,784
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction	•			
272	Less: Amortization of Contributions				
281	Accumulated Deferred Income Tax			Ī	
	TOTAL DEFERRED CREDITS	\$	70,978	\$	77,784
	TOTAL LIABILITIES	\$	131,361	\$	148,237
	CAPITAL ACCOUNTS				
201	Common Stock Issued	\$		\$	
211	Paid in Capital in Excess of Par Value	Ψ	30,026	, Ψ	30,026
215	Retained Earnings		(10,770)		(18,034)
218	Proprietary Capital (Sole Props and Partnerships)	 	(10,770)		(10,034)
	TOTAL CAPITAL	\$	19,256	\$	11,992
	IVIM CAITAL	Ψ .	17,230	Ψ   	11,772
	TOTAL LIABILITIES AND CAPITAL	\$	150,617	\$	160,229

# **COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRI	OR YEAR	CURRI	ENT YEAR
461	Metered Water Revenue	\$	34,786	\$	37,538
460	Unmetered Water Revenue	<del> </del>	5,015		6,227
474	Other Water Revenues		6,690		940
	TOTAL REVENUES	\$	46,491	\$	44,705
<del></del> .	OPERATING EXPENSES				
601	Salaries and Wages	\$	_	\$	·· · · · · · · · · · · · · · · · · · ·
610	Purchased Water				
615	Purchased Power		3,079		3,902
618	Chemicals		···		
620	Repairs and Maintenance		5,132		5,913
621	Office Supplies and Expense	•	1,580		1,631
630	Outside Services		27,947		29,818
635	Water Testing		5,032		932
641	Rents				
650	Transportation Expenses		6,200		4,097
657	Insurance - General Liability		233		197
659	Insurance - Health and Life				
666	Regulatory Commission Expense - Rate Case				
675	Miscellaneous Expense		2,969	'	319
403	Depreciation Expense		2,160	· · · · · · · · · · · · · · · · · · ·	3,180
408	Taxes Other Than Income				
408.11	Property Taxes		1,866		2,476
409	Income Tax		0		245
	TOTAL OPERATING EXPENSES	\$	56,198	\$	52,710
	OTHER INCOME/EXPENSE				
419	Interest and Dividend Income	\$	-	\$	-
421	Non-Utility Income				
426	Miscellaneous Non-Utility Expenses	:			
427	Interest Expense		977	. ,	449
	TOTAL OTHER INCOME/EXP	\$	(977)	\$	(449)
	NET INCOME/(LOSS)	\$	(10,684)	\$	(8,454)

# SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN#	1 LOA	AN #2 LOA	AN #3 LO	OAN #4
Date Issued					
Source of Loan					
ACC Decision No.					
Reason for Loan					
Dollar Amount Issued	\$	\$	\$	\$	
Amount Outstanding	\$	\$	\$	\$	
Date of Maturity					
Interest Rate		%	%	%	%
Current Year Interest	\$	\$	\$	\$	
Current Year Principle	\$	\$	\$	\$	naec

Meter Deposit Balance at Test Year End	\$3,390
Meter Deposits Refunded During the Test Year	\$600

# WATER COMPANY PLANT DESCRIPTION

### **WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-642196	5	25		8 5/8		1962
55-551185	5	25		8 5/8		1996
- Herbitan						

<sup>\*</sup> Arizona Department of Water Resources Identification Number

#### **OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		HYDRANTS
Quantity	Quantity Standard	Quantity Other
1		
1		

Capacity         Quantity         Capacity           15,000         1         80           20,000         1         80	Qu	
		апшу
20,000 1 80		2
1		3

# WATER COMPANY PLANT DESCRIPTION (CONTINUED)

#### **MAINS**

IVEZZIIAKS					
Size (in inches)	Material	Length (in feet)			
2		10,800			
3		9,826			
4		21,157			
5					
6		3,000			
8					
10					
12					
	W-1-17				
<u> </u>					

#### **CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X ¾	115
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in eac	n category.	
TREATMENT EQUIPMENT:		
STRUCTURES:		
Well house and pump house - Unit 1		
Well house and pump house – Unit 4		
		-
OTHER:		
		·
•		
	A CONTRACTOR OF THE PROPERTY O	

# WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	79	204,260	205
FEBRUARY	82	149,200	150
MARCH	81	187,240	188
APRIL	86	270,280	271
MAY	87	360,240	361
JUNE	87	344,940	345
JULY	88	262,588	263
AUGUST	91	344,940	345
SEPTEMBER	94	352,049	353
OCTOBER	92	214,168	215
NOVEMBER	94	146,835	147
DECEMBER	94	175,697	176
	TOTAL	N/A	

Is the Water Utili	ity located in an ADWR Active Mana	gement Area (AMA)?
( ) Yes	( x x) <b>No</b>	
Does the Compan	ny have an ADWR Gallons Per Capita	a Per Day (GPCPD) requirement?
( ) Yes	<b>(</b> XX <b>) No</b>	
If yes, provide the	e GPCPD amount:	<del></del>
	of arsenic for each well on your system l, please list each separately.)	m. <u>&lt;0.003</u> mg/l <0.01

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME_	WHITE HILLS WATER COMPANY, INC.	YEAR ENDING 12/31/2004		
	PROPERTY TAXES			
Amount of actual prop	erty taxes paid during Calendar Year 2004 was: \$_	2,477		
Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.				
If no property taxes pa	id, explain why			
******				

Date November 9, 2004

Date November 9, 2004

Six hundred eighty two and 53/100

Dollars of Ch3/e5/

LUCOLIN-385/HELDESHOOLIN AND HELDESHOOLIN AND SUKE MOODE B 253,11

18-001905 1122401723 18-001306553111

DOLLARS OF NEVADA AND SUKE MOODE B 253,11

punt:1306553 Date:12-02-2004 Sequence:6035550 Amount:\$682.53 Serial:1905 TR:122401723 TranCode:0 DBCR:D DDAID:0 tAcct:0 ThstID:7

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MOHAVE COUNTY TREASURER
3150105880 ELIDOUZE HELE

NK ARIZONA, N.A.

	WHITE HILLS WATER COMPANY, IN 1050 HIGHWAY 95 BUILHEAD CITY, AZ 86429	NC.		94-172/1224
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ount:1306553 Date:02-06-2004 Sequence:9204615 Amount:\$962.22 Serial:1725 TR:122401723 TranCode:0 DBCR:D DDAID:0 tAcct:0 InstID:7

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Find ww 8889284615 82/86/2884 883 >122481723< FNBNU >BR82<

COMPANY NAME WHITE HILLS WATER COMPANY, INC. YEAR ENDING 12/31/2004 **INCOME TAXES** For this reporting period, provide the following: Federal Taxable Income Reported Estimated or Actual Federal Tax Liability (8,454)State Taxable Income Reported Estimated or Actual State Tax Liability Amount of Grossed-Up Contributions/Advances: Amount of Contributions/Advances Amount of Gross-Up Tax Collected N/A Total Grossed-Up Contributions/Advances N/A Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer. **CERTIFICATION** The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship. President Dwayne Duke

### VERIFICATION AND SWORN STATEMENT

**Intrastate Revenues Only** 

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APR 13 2005

AZ Gerporation Commission

Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY		NAME)

MOHAVE

NAME (OWNER OR OFFICIAL) TITLE

DWAYNE DUKE, PRESIDENT

COMPANY NAME

WHITE HILLS WATER COMPANY, INC.

#### DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH DAY YEAR 2004 12 31

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH. TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

#### **SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE **UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:** 

Arizona	Intrastate	Gross Op	erating R	evenues On	ly (\$)
	\$	48,516			_
(THE A	MOUN	T IN BO	OX AB	OVE	
<b>INCLU</b>	DES \$_	3,811			_
IN SAL	ES TA	XES BII	LED,	OR COL	LECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

タナん

DAY OF

Clark

TELEPHONE NUMBER

COUNTY NAME

SIGNATURE OF OWNER OR OFFICIAL

2005

(SEAL)

MY COMMISSION EXPIRES\_ 9-77-08

NOTARY PUBLIC TATE OF NEVADA County of Clark
EVA WILSON ADDI. No. 04-91679-1 Appt. Expires Sept. 22, 2008

#### **VERIFICATION** AND **SWORN STATEMENT** RESIDENTIAL REVENUE

# RECEIVED

APR 1 3 2005

**VERIFICATION** 

STATE OF ARIZONA

**INTRASTATE REVENUES ONLY** 

AZ Corporation Commission Director Of Utilities

STATE OF ARIZONA	COUNTY OF (COUNTY NAME)	MOHAVE	Director Or Otimica
I, THE UNDERSIGNED	NAME (OWNER OR OFFICIAL)	DWAYNE DUKE	TITLE PRESIDENT
OF THE	COMPANY NAME WHITE	HILLS WATER COMPANY, INC.	
DO SAY THAT THIS ANNUA	AL UTILITY REPOR	T TO THE ARIZO	NA CORPORATION COMMISSION
FOR THE YEAR ENDING	MONTH DAY 12 31	YEAR 2004	
UTILITY FOR THE MATTER AND THIN BELIEF.  SWORN STATEMENT IN ACCORDANCE VARIZONA REVISED	PERIOD COVERED G SET FORTH, TO  VITH THE REQUIRI STATUTES, IT IS	BY THIS REPORT THE BEST OF M EMENTS OF TITI HEREIN REPOR	NT OF BUSINESS AND AFFAIRS OF SAIT IN RESPECT TO EACH AND EVER MY KNOWLEDGE, INFORMATION AN LE 40, ARTICLE 8, SECTION 40-401.0 TED THAT THE GROSS OPERATIN
	SIDENTIAL CUSTON	MERS DURING CAL (THE AMO INCLUDE	A INTRASTATE UTILITY OPERATION LENDAR YEAR 2004 WAS: OUNT IN BOX AT LEFT IS \$ 3,811 TAXES BILLED, OR COLLECTED)
*RESIDENTIAL REVENU MUST INCLUDE SALES		IS PAGE	SIGNATURE OF OWNER OR OFFICIAL
			TELEPHONE NUMBER
SUBSCRIBED	AND SWORN TO BEF	FORE ME	NOTARY PUBLIC NAME EVA WISON
A NOTARY PI	BLIC IN AND FOR T	HE COUNTY OF	COUNTY NAME CARACTE

DAY OF

(SEAL)

THIS

MY COMMISSION EXPIRES 9-72-08

8th

NOTARY PUBLIC STATE OF NEVADA County of Clark EVA WILSON

Appt. No. 04-91679-1 My Appt. Expires Sept. 22, 2008

.20,05



To The Board of Directors White Hills Water Company, Inc. Bullhead City, Arizona

We have compiled the accompanying balance sheet of White Hills Water Company, Inc. (a corporation) as of December 31, 2004, and the related statement of loss for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.

Ullmann & Company, P.C. Certified Public Accountants

Wilmann & Company

February 24, 2005

#### White Hills Water Co. Balance Sheet As of December 31, 2004

	Dec 31, 04
ASSETS	
Current Assets	
Checking/Savings 131 · Checking - 1st National	696.11
Total Checking/Savings	696.11
Total Current Assets	696.11
Fixed Assets	
Utility Plant in Service	
301 · Organization Costs	10,114.00
303 · Land & Land Rights	969.00
304 · Structures & Improvements	2,575.00
307 · Wells & Springs	42,437.00
311 · Pumping Equipment	28,560.03
330 · Distribution Reservoirs	77,487.98
331 · T&D Mains	44,724.23
334 · Meters & Meter Installation	17,623.62
335 ⋅ Hydrants	185.00
340 · Office Furniture & Equipment	2,613.00
347 · Miscellaneous Equipment	2,500.00
Total Utility Plant in Service	229,788.86
108 · Accumulated Depreciation	(70,256.00)
Total Fixed Assets	159,532.86
TOTAL ASSETS	160,228.97
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	22 227 12
234 · Due to Shareholder	66,967.16
235 · Customer Security Deposits	3,486.46
Total Other Current Liabilities	70,453.62
Total Current Liabilities	70,453.62
Long Term Liabilities	
252 · Advances in Aid of Construction	74,394.28
252.1 · Meter Deposits	3,390.00
202.1 Meter Deposits	- · · · · · · · · · · · · · · · ·
Total Long Term Liabilities	77,784.28
Total Liabilities	148,237.90
Equity	
211 · Additional Paid in Capital	30,026.00
215 Retained Earnings	(9,581.31)
Net Income	(8,453.62)
Total Equity	11,991.07
TOTAL LIABILITIES & EQUITY	160,228.97
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#### White Hills Water Co. Statement of Loss January through December 2004

	Jan - Dec 04
Ordinary Income/Expense	
Income	
461 · Metered Revenue	41,348.90
460 · Unmetered Water Revenue	6,226.65
474 · Other Water Revenue	940.00
408.01 · Sales Tax	(3,811.08)
Total Income	44,704.47
Expense	
615 · Purchased Power	3,901.65
620 · Repairs & Maintenance	5,913.14
621 · Office Supplies & Expense	1,630.87
630 · Outside Services	29,817.61
635 · Water Testing	931.60
650 · Transportation Expenses	4,097.47
657 · Insurance - General Liability	197.00
675 · Miscellaneous Expense	440.00
675.01 · Bank Service Charges	142.88
675.02 · Postage/Freight	23.00
675.03 · Dues & Fees	54.00
675.04 · Returned Checks	36.80
675 · Miscellaneous Expense - Other	61.97
Total 675 · Miscellaneous Expense	318.65
403 · Depreciation Expense	3,180.00
408.11 · Property Taxes	2,476.51
409.02 · State Income Tax	245.00
Total Expense	52,709.50
Net Ordinary Income	(8,005.03)
Other Income/Expense	
Other Expense	
427 · Interest Expense	448.59
Total Other Expense	448.59
Net Other Income	(448.59)
Net Income	(8,453.62)